



Government Reform & Restructuring Commission

Virginia State Capitol – Senate Room 3

June 4, 2010 – 1:00 PM

Minutes

Meeting Attendees: Fred Malek, Speaker William Howell, Delegate Bob Brink, Delegate G. Glenn Oder, Delegate R. Lee Ware, Senator L. Louise Lucas, Senator Ryan McDougale, Senator Mark Obenshain, Senator Mary Margaret Whipple, Dr. Benjamin Lambert, Alexandra Liddy Bourne, Heather Carroll Cox, William Eggers, Howard Estes, Paul Fraim, Bruce Gemmill, Alicia Hughes, Michelle Jenkins, Suzy Kelly, Bobbie Kilberg, Alex McMurtrie, Maurice McTigue, Scott Pattison, Jack Rust, Geoff Segal, Gilbert Shelton, Ron Tillett, John O. “Dubby” Wynne, Secretary Ric Brown, Secretary Lisa Hicks-Thomas

Commission Senior Advisors: Bill Leighty, Mike Thompson

Presenters: Sam Nixon (VITA), Jerry Simonoff (VITA)

Opening

The meeting was called to order at 1:01pm by Commission Chairman Frederic V. Malek followed by introductions by the Commission members. The Commission members were sworn in with the oath of office by Secretary of the Commonwealth Janet V. Polarek.

Governor McDonnell opened with remarks to the full Commission and the public. He welcomed the members and expressed his thanks for their commitment to serving on the Commission. He charged the Commission to explore opportunities to make state government more efficient, effective and simpler.

The Governor noted that, even with the recent budget cuts, state spending has grown faster than population and inflation. Opportunities remain to explore privatization, consolidation, cost savings and innovative ways to deliver state services. He stressed that the Commission should find ways to make government work better, improve customer service and simplify operations.

The Governor noted several ideas the Commission should examine, including the privatization of the state’s ABC system, consolidation of disparate revenue collection services, better organization of customer service centers, streamlining redundant services, providing incentives for cost-savings initiatives and lessen local government burdens.

The Governor concluded with a reiteration of his thanks to the Commission members and his charge to develop big, bold and innovative ideas to reform state government.

Chairman Malek thanked the Governor for his remarks and provided opening remarks outlining the roll of the Commission, his expectations and suggestions on meeting the charge laid out by the Governor.

Commission Director Mike Reynold presented the Commission with the mission as laid out in the Executive Order #2. He also summarized how Governor McDonnell views success from the Commission, the structure of the committees within the Commission and each of the four committee's scope of work. Finally, he concluded with a review of the Commission's timeline and deadlines.

Presentations

“Government Reform: A Brief History” – Bill Leighty and Mike Thompson, Commission Senior Advisors

- Mr. Leighty reviewed previous reform efforts by Virginia governors and the attributes that made them successful.
- Mr. Thompson reviewed more recent efforts by Governors Wilder, Allen and Warner. He also proposed several ideas for the Commission to examine.
- Comments: Mr. Eggers commented on the usefulness of performance measures in making budget decisions. Mr. Leighty noted that Council on Virginia's Future efforts on those measures are beginning to be seen in those budgetary decisions and agencies are being held accountable. Chairman Malek noted the need for long-term opportunities, but there are some shorter term opportunities. Mr. Segal questioned why several previous proposals were not enacted. Mr. Thompson noted an array of reasons and Mr. Leighty pointed out that previous barriers might have changed. Ms. Liddy Bourne requested an update on the JLARC report on the status of previous commission recommendation.

“Interesting Reforms from Other Governments” – Maurice McTigue, Distinguished Visiting Scholar, Mercatus Center

- Mr. McTigue outlined several reform efforts dealing with maximizing growth, job creation and economic prosperity in Puerto Rico, New Brunswick and Texas and that Virginia is well positioned, but cannot afford to rest on her laurels.
- He reviewed successful commissions, including the federal 9/11 Commission, the Texas Performance Review and lessons learned from an effort he has assisted with in Puerto Rico. He also reviewed efforts on evidence based budgeting and efforts in this field in New Zealand, Washington state and honest accounting efforts in Australia.

“Virginia's Budget Composition, Fiscal Trends and Future Issues” – Secretary of Finance Ric Brown

- Secretary Brown outlined the size and source of revenues and expenditures collected and appropriated by Virginia state government. He reviewed the sectors of state government that have contributed to budget increases in the recent past and summarized the effect in individual agencies and programs. He also pointed out the recent volatility of revenues.

- Comments: Mr. Rust asked for future Medicaid cost projections, which Secretary Brown noted are on an 8% baseline increase with an indeterminate affect from Federal action. Ms. Hughes asked about the need for state matching funds on federal revenues, which Secretary Brown noted was often the case, especially in Medicaid and maintenance of effort requirements. Ms. Hughes also inquired into baseline versus zero-based budgeting. Secretary Brown noted that Virginia take a bottom-up approach by examining the components of governments as units of services and matches funding with performance measures. Mr. Eggers asked if Virginia examines costs at the granular level, which Secretary Brown noted Virginia does to some degree, noting recent pension changes.

“Using the Commonwealth’s Enterprise Business Model” – CIO Sam Nixon & Jerry Simonoff, Director, VITA Customer Service Project Management Organization

- Mr. Nixon reviewed how the Commonwealth’s enterprise business model is part of the enterprise business architecture and seeks to answers the questions about what is the business and functions of state government. He noted the model assists in shaping future priorities and opportunities for change.
- Mr. Simonoff explained the model’s lines and sublines of business and reviewed examples of opportunities for further consideration by the Commission based on the model’s findings.
- Comments: Mr. Tillett noted that this presentation will be a useful guide for his committee’s work. Mr. Leighty recommended that the opportunities on slide seven could be broken into the shared services and operations and simplification committees

At the request of the Chairman, the full Commission adjourned at 3:31pm and members broke into their individual committees to discuss future meeting schedules and agenda topics. The next meeting of the full Commission is July 20, 2010 at 9:00 AM